



**EMERGENCY MANAGER
CITY OF DETROIT**

ORDER No. 20

**ORDER RESTORING THE SALARY
AND BENEFITS OF THE MAYOR AND ADOPTING
THE AGREEMENT BETWEEN THE EMERGENCY
MANAGER AND MAYOR DUGGAN CONCERNING
DELEGATIONS OF AUTHORITY AND
TRANSITION PROTOCOLS**

BY THE AUTHORITY VESTED IN THE EMERGENCY MANAGER
FOR THE CITY OF DETROIT
PURSUANT TO MICHIGAN'S PUBLIC ACT 436 OF 2012,
KEVYN D. ORR, THE EMERGENCY MANAGER,
ISSUES THE FOLLOWING ORDER:

Whereas, on March 28, 2013, Michigan Public Act 436 of 2012 ("PA 436") became effective and Kevyn D. Orr became the Emergency Manager ("EM") for the City of Detroit (the "City") with all the powers and duties provided under PA 436; and

Pursuant to section 9(2) of PA 436, the EM "shall act for and in the place and stead of" the Detroit Mayor (the "Mayor") and the Detroit City Council (the "City Council") and "shall have broad powers in receivership to rectify the financial emergency and assure the fiscal accountability of the City and the City's capacity to provide or cause to be provided necessary governmental services essential to the public health, safety, and welfare;" and

Pursuant to section 9(2) of PA 436, the Mayor and City Council, "following the appointment of an emergency manager and during the pendency of receivership, shall not exercise any of the powers of those offices except as may be specifically authorized in

writing by the emergency manager or as otherwise provided by PA 436 and are subject to any conditions required by the emergency manager;" and

Pursuant to section 10(1) of PA 436, the EM may "issue to the appropriate local elected and appointed officials and employees, agents, and contractors of the local government the orders the emergency manager considers necessary to accomplish the purposes of this act;" and

Pursuant to section 12(n) of PA 436, the EM may "transfer functions from 1 department to another and appoint, supervise, and, at his or her discretion, remove administrators, including heads of departments other than elected officials;" and

Pursuant to section 13 of PA 436, upon appointment of the EM and during the pendency of the receivership, "the salary, wages, or other compensation, including the accrual of postemployment benefits, and other benefits" of the Mayor shall be eliminated; and

Pursuant to section 13 of PA 436, the EM "may restore, in whole or in part, any of the salary, wages, other compensation, or benefits" of the Mayor during the pendency of the receivership, for such time and on such terms as the EM considers appropriate, to the extent that the EM finds that the restoration of salary, wages, compensation or benefits is consistent with the financial and operating plan; and

The EM has determined that the Mayor will play a vital role in the collaborative process of ensuring continuity of essential services and restoring financial stability; and

Consistent with Emergency Manager Order No. 1, the EM has determined that, at the present time, Mayor-Elect Michel E. Duggan should receive the salary, wages, compensation and other benefits the Mayor is entitled to receive by virtue of holding the office of Mayor upon being sworn in as Mayor on January 1, 2014; and

Consistent with Emergency Manager Order No. 3, the EM has determined that, at the present time, it is in the best interests of the City that the Mayor and the Mayor's office oversee the day-to-day operations of the City to aid the EM in providing necessary governmental services essential to the public health, safety and welfare; and

The EM has determined that the development and memorialization of protocols to govern the division of responsibilities and the reporting relationships between the EM, the Mayor and their respective staffs is consistent with the purposes of PA 436 and will enhance the City's capacity to provide or cause to be provided necessary governmental services essential to the public health, safety and welfare and will promote the City's efforts to rectify its financial emergency; and

To that end, the EM and Mayor-Elect Duggan have negotiated and agreed upon the "Delegations of Authority and Transition Protocols" attached hereto as Exhibit A (the "Delegations and Protocols Agreement").

It is hereby ordered that:

1. Mayor Duggan's salary, wages, compensation and other benefits are hereby restored, in full, upon being sworn in as Mayor on January 1, 2014, as if they had never been eliminated by PA 436.
2. Without limiting the grant of authority set forth in Emergency Manager Order No. 3, the Delegations and Protocols Agreement is adopted and ratified in full. To the extent necessary, Emergency Manager Order No. 3 is amended and supplemented consistent with the Delegations and Protocols Agreement.
3. If any component of this Order or its attachment is declared illegal, unenforceable or ineffective by a court of competent jurisdiction, such component shall be deemed severable so that all other components contained in this Order and its attachment shall remain valid and effective.
4. This Order is effective as of January 1, 2014.
5. The EM may modify, amend, rescind, replace, supplement or otherwise revise this Order at any time.
6. This Order shall be distributed to the Mayor, members of the City Council, the Mayor-Elect, members of the City Council-Elect and all department heads.

Dated: December 30th, 2013

By: 
Kevyn D. Orr
Emergency Manager
City of Detroit

cc: State of Michigan Department of Treasury
Mayor David Bing
Members of Detroit City Council
Mayor-Elect Michael Duggan
Members of the Detroit City Council-Elect

EXHIBIT A
Offices of the Emergency Manager and Mayor
DELEGATIONS OF AUTHORITY AND TRANSITION PROTOCOLS

Offices of the Emergency Manager and Mayor DELEGATIONS OF AUTHORITY AND TRANSITION PROTOCOLS

This memorandum sets forth the specific delegations of authority and transition protocols intended to govern the division of responsibilities and reporting requirements between the Office of the Emergency Manager ("EM") and the Office of the Mayor ("Mayor") for the City of Detroit effective January 1, 2014. The overall intent of the following is to establish a clear set of guidelines to enable the Mayor to oversee day-to-day operations of the City, and to provide for collaboration and shared responsibility between the EM and the Mayor when in the City's best interests, while upholding the law under Public Act 436 which grants specific powers and final decision-making authority to the EM.

ORGANIZATIONAL STRUCTURE:

The attached organizational chart for the executive branch sets forth the reporting relationships between the EM, the Mayor and the direct operational reporting relationships for each. Consistent with the reporting relationships set forth on the organizational chart, certain dual reporting relationships have been established. With respect to such dual reporting relationships, the primary reporting relationship is designated by a solid line and the secondary designated with a dotted line. To further clarify these dual-reporting relationships, the following guidelines shall apply:

- Primary reporting for all finance functions will remain with the EM, but financial matters relating to day-to-day management of city government will report to the Mayor.
- Primary reporting relationships relating to the work of the Blight Task Force will be to the Mayor, but matters with specific impact on the chapter 9 Plan of Adjustment (as determined by the EM) or compliance with commitments made to the Federal government will report to the EM.
- As set forth on the organizational chart, it is anticipated that there will be a centralization of federal grants management, which will report to the EM, subject to joint collaboration with the Mayor as to specific strategies for grant utilization.

APPOINTMENT OF PERSONNEL:

Subject to final approval by the EM (and where specified in the Charter, approved by the City Council) the Mayor will appoint all non-civil service positions within the Executive Branch as well as all appointments to boards and commissions. All appointments made by the EM in consultation with the Mayor during the transition period between November 5 and January 1 will stand. Further, Executive Order # 11 regarding the appointment of the Chief of Police will remain in effect, however the Chief of Police and the Mayor are requested to have recurring consultation as it relates to the public safety strategy design, execution and measures of effectiveness.

PARTICIPATION IN MEETINGS OF EM AND MAYOR'S OFFICE:

- The EM, the Mayor, the Deputy Mayor and the Deputy EM will be invited join all scheduled staff and departmental meetings for both offices.
- The Mayor may join recurring meetings between the Governor and the EM, as requested by the Governor and/or the EM.

CAVEATS ACROSS ALL AREAS OF RESPONSIBILITY:

- No decisions will be made or actions will be taken by the Mayor that would be inconsistent with or may compromise the financial restructuring, the Plan of Adjustment or the chapter 9 case. The Mayor and the EM will maintain open lines of communication with each other so that issues that could impact the chapter 9 case can be identified.
 - Any such decisions or actions will be privately raised and will be subject to prior approval from the EM.

- There are numerous restructuring initiatives across many departments that are in some stage of implementation. The EM and the Mayor shall collaborate to achieve the objectives of such initiatives. It is agreed that the Mayor and/or his department heads have the authority to modify or terminate a particular restructuring initiative with the prior consent of the EM and with the understanding that the outcome of such modification or termination otherwise achieves the same or equivalent anticipated financial savings or revenue generation. With respect to any initiatives for which an RFP has already been issued or contract executed, any proposed modification will be made only with the approval of the EM or the Deputy EM.
- Labor negotiations will continue to be led by restructuring counsel, under direction of the EM, with involvement and guidance from Mayor's Office particularly as it relates to operational elements, such as work rules. The EM agrees that, to the fullest extent possible, transparency shall exist between the EM and the Mayor consistent with the chapter 9 court proceedings and principles of attorney-client privilege.
- Restructuring and financial consulting engagements will remain under the direction of the EM, however, the Mayor and the EM will consult on an ongoing basis as to scope of work and deliverables. The Mayor will have access to all deliverables and to consulting professionals (consistent with the chapter 9 court proceedings), and his input will be considered as it relates to new contracts, change orders, and delegation of tasks/workgroups.
- When feasible, press announcements should be made jointly. When such cannot happen, both the EM and the Mayor agree to 24-hour notice to the other with briefing overview of topic.
- Nothing in this memorandum is intended to diminish or modify the rights and duties of the EM under Public Act 436.


OTHER ITEMS REQUIRING PRIOR APPROVAL FROM THE EM:

- All hires/ dismissals of FTE's above \$50,000/year.
- All material department restructurings (merging, dissolution, major reengineering, or creation of new department).
- All outsourcing of City functions/activities.
- All investments in infrastructure of more than \$50,000.
- Discussions concerning asset dispositions, potential financings, or public private partnerships.

ITEMS REQUIRING APPROVAL BY BOTH THE EM & THE STATE:

- Execution of all contracts (including Personal Service Contracts) greater than \$50,000.
- All reports and requirements as delineated in Public Act 436 (asset disposition, sale/lease, etc.)

Respectfully,


Kevyn D. Orr
Emergency Manager
City of Detroit


Michael E. Duggan
Mayor-elect
City of Detroit

Executive Branch Organizational Chart
1/1/14

